



Republic of the Philippines
Department of Social Welfare and Development
Batasan Pambansa Complex, Constitution Hills
Quezon City
Telephone No. 931-8101 to 07

Memorandum Circular
No. 01
Series 2008

Subject: Amendment to Memorandum Circular No. 31, s 2005 Entitled, Enhancing Memorandum Circular No. 7, s 2004, as amended, and Establishing the Internal Audit Service (IAS) Conceptual Framework

The Presidential Anti-Graft Commission (PAGC), in support to President Gloria Macapagal Arroyo's issuance of Administrative Order No. 70 series 2003 entitled, "Strengthening the Internal Control System of Government Offices, Agencies, Government Owned and/or Controlled Corporations, including Government Financial Institutions, State Universities and Colleges and Local Government Units, included in its Integrity Development Action Plan (IDAP) a prevention measure captioned "strengthening internal control through institutionalization of Internal Audit Unit (IAU)".

To assess the current state of Internal Audit in the bureaucracy, PAGC engaged the services of Sycip, Gorres and Velayo (SGV), a private auditing firm, to conduct a Quality Assessment Review (QAR) on IAUs on several agencies, which included the IAS of DSWD.

Among SGV's observations on DSWD-IAS was that IAS reports to the Secretary through the IAAC and that the IAS support staff (also known as the Management Audit Analyst or MAA) at the Regional/Field Offices reports functionally and administratively to the FO Directors.

To address these issues and in compliance to Administrative Order No. 70 series 2003, DSWD-IAS prepared an Action Plan to address the SGV recommendations. Among these are amendments to Section D and G of MC No. 31 series 2005, viz:

Section D. Institutional Arrangements

From:

"The IAS is an independent appraisal and advisory office in the DSWD-Central Office which is to be replicated in its attached agencies, as may be allowed by law, and to its Field Offices (FOs). x x x "

To:

“The IAS-CO is an independent appraisal and advisory office in the Central Office. It shall be under the direct administrative control and supervision of the DSWD Secretary, whereas, the MAAs are field office staff under the Office of the Regional Director and complement the work of IAS. In case of nationwide audit or during the conduct of a special audit, their services may be tapped to form part of a team, but is still subject to the concurrence of their Regional Directors. The MAA are the ones primarily responsible for the monitoring of compliance to audit recommendations of an audit conducted by IAS.”

Section G.1. Reportorial System, as follows:

From:

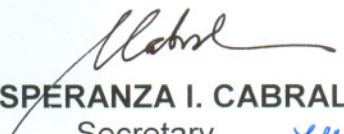
“The IAS Director shall communicate the activities, plans and resource requirements of the Service, including significant interim changes, to the Secretary through the IAAC, for review and approval.”

To:

“The IAS Director shall communicate the activities, plans and resource requirements of the Service, including significant interim changes to the Secretary for review and approval.”

This circular takes effect immediately and correspondingly amends previous issuances inconsistent herewith.

Issued in Quezon City, this 15th day of January, 2008.


ESPERANZA I. CABRAL
Secretary *ye*

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